



MICHELLE BAASS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

March 28, 2022

Mr. James G. Scott, Director
Division of Program Operations
Medicaid and CHIP Operations Group
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 0300
Kansas City, MO 64106-2898

**STATE PLAN AMENDMENT 22-0010: PROPOSED STATE PLAN AMENDMENT TO
ESTABLISH A REIMBURSEMENT METHODOLOGY FOR BIO-ENGINEERED SKIN
SUBSTITUTE (SKIN GRAFT) PROCEDURE CODES**

Dear Mr. Scott:

The Department of Health Care Services (DHCS) is submitting the enclosed State Plan Amendment (SPA) 22-0010 for your review and approval. SPA 22-0010 seeks federal authority to establish a reimbursement methodology for Bio-Engineered Substitute (Skin Graft) Healthcare Common Procedure Coding System (HCPCS) procedure codes, effective January 1, 2022.

Upon federal approval of the SPA, DHCS will establish a reimbursement methodology that would require an annual rate review, effective January 1, 2022, to ensure the Skin Graft rates are no more than 100% of the Medicare average sales price (ASP) rate. This change is in accordance with Welfare and Institutions Code Section 14105.25, which requires the maximum rate of reimbursement in California's Medicaid program not exceed the lowest maximum Medicare rate.

DHCS is submitting the following SPA documents for your review and approval:

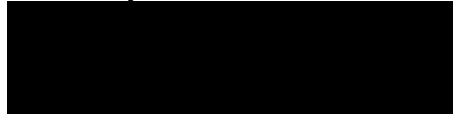
- CMS 179 Form
- Attachment 4.19B – Clean
- Standard Medicaid Funding Questions
- Budget Impact Explanation
- Access Study

A notice of Public interest and Request for Public input for SPA 22-0010 was published on December 30, 2021, on the DHCS website. A public notice addendum was also released on March 3, 2022. On February 10, 2022, CMS informed DHCS that a tribal notice was not required for this SPA.

Mr. James G. Scott
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If you have any questions regarding the SPA, please contact Ms. Lindy Harrington, Deputy Director, Health Care Financing, at Lindy.Harrington@dhcs.ca.gov.

Sincerely,



Jacey Cooper
State Medicaid Director
Chief Deputy Director
Health Care Programs

Enclosures

cc: Ms. Lindy Harrington
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**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2. STATE

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT XIX XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

5. FEDERAL STATUTE/REGULATION CITATION

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY _____ \$ _____
b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

9. SUBJECT OF AMENDMENT

10. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT
COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

Please note: The Governor's Office does not wish to review
the State Plan Amendment.

11. SIGNATURE OF STATE AGENCY OFFICIAL

15. RETURN TO

12. TYPED NAME

13. TITLE

14. DATE SUBMITTED
March 28, 2022

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: CALIFORNIA

REIMBURSEMENT METHODOLOGY FOR BIO-ENGINEERED SUBSTITUTE
(SKIN GRAFT) CODES

1. The methodology utilized by the State Agency in establishing reimbursement rates for bio-engineered substitutes (skin graft), as described in State Plan Attachment 3.1-A and 3.1-B, will be calculated by the Department of Health Care Services (DHCS) using the following methodology:
 - a. For dates of service on or after January 1, 2022, the reimbursement rates shall not exceed the lowest of the following:
 - i. the amount billed
 - ii. the charge to the general public
 - iii. 100 percent of the corresponding lowest maximum Medicare January 1, 2022 Average Sales Price (ASP) rate for the same or similar service
 - b. The ten percent payment reduction included in paragraph (13) on page 3.3 of this Attachment, shall apply to the services described in this section.
 - c. The DHCS fee schedule rates are set as of January 1, 2022 and are effective for services provided on or after that date. All Medi-Cal Fee-For-Service rates for skin graft codes (as set forth in the Healthcare Common Procedure Coding System (HCPCS)), are published at: <https://files.medi-cal.ca.gov/rates/rateshome.aspx>.